

## WFC Single Disclosure Report 2017

Date submitted

30/10/2017 10:02:19

### General information

1 G01Q001

Please indicate the full name of the responding institution:

*PFMI: Annex A - CSD disclosure template [CSD name]*

*AGC: 0a*

Krajowy Depozyt Papierów Wartościowych S.A.

2 G01Q002

Registered address:

*PFMI: n/a*

*AGC: 0c*

ul. Książęca 4 00-498 Warsaw

3 G01Q003

Country of registered address:

*PFMI: n/a*

*AGC: 0d*

Poland

4 G01Q004

Official website of the respondent institution:

*PFMI: Annex A - CSD disclosure template [website]*

*AGC: n/a*

www.kdpw.pl

5 G01Q005

The date of this disclosure is:

*PFMI: Annex A - CSD disclosure template [date]*

*AGC: n/a*

31/10/2017

6 G01Q006

The WFC, the AGC, CPMI and IOSCO encourage respondents to make their disclosure reports publicly available. Do you agree to make your response publicly available?

*PFMI: n/a*

AGC: 99

Yes, my response will be public, but only for my answers to AGC questions. [A2]

7 G01Q007  
How will you be making your answers publicly available?

PFMI: n/a  
AGC: 99a

Website  
 Upon request  
 OTHER:

8 G01Q008  
This disclosure can also be found at the following web address(es):

PFMI: Annex A - CSD disclosure template [website URL]  
AGC: 99b

<http://www.kdpw.pl/en/kdpw/publications/Pages/Questionnaires.aspx>

9 G01Q009  
First and Last Name of the contact person:

PFMI: Annex A - CSD disclosure template [contact details]  
AGC: 99c

Anna Zielińska

10 G01Q009A  
Disclosure submission authorisation

I hereby certify that I am authorised to submit this disclosure report on behalf of my institution.

11 G01Q010  
Email address of the contact person:

PFMI: Annex A - CSD disclosure template [contact details]  
AGC: 99h

[anna.zielinska@kdpw.pl](mailto:anna.zielinska@kdpw.pl)

12 G01Q011  
Telephone number (please include the international country code):

PFMI: n/a  
AGC: 99e

+48 22 5379582

13 G01Q012  
How do you prefer to be contacted?

PFMI: n/a  
AGC: 99d

Telephone  
 Fax  
 mail/air courier  
 e-mail

14 G01Q013  
Fax number

PFMI: n/a  
AGC: 99f

+48 22 6273111

15 G01Q014  
What is the preferred street address for mailing requests?

PFMI: n/a  
AGC: 99g

ul. Książęca 4  
00-498 Warsaw

24 G01Q023  
filecount - Add relevant appendices for this group.

PFMI: n/a  
AGC: n/a

0

### Legal Basis (PFMI Principle 1)

26 G02Q002  
Under what regulation or statute is the CSD established and governed?

PFMI: n/a  
AGC: 7

Act on Trading in Financial Instruments, Act on Capital Market Supervision, Statute of the KDPW, Code of Commercial Companies, CSDR

27 G02Q003  
Is the regulation or statute electronically available?

PFMI: n/a  
AGC: 7a

Yes [Y]

28 G02Q004

If regulation or statute is electronically available, please supply web address(es) here or upload document(s).

PFMI: n/a

AGC: 7b

The Act on Capital Market Supervision dated July 29th 2005 and the Act on Trading in Financial Instruments dated July 29th 2005 with further amendments (Polish versions only) are available on the Polish Parliament website: <http://isap.sejm.gov.pl/DetailsServlet?id=WDU20160001636> , <http://isap.sejm.gov.pl/DetailsServlet?id=WDU20150000073> , <http://isap.sejm.gov.pl/DetailsServlet?id=WDU20170000196> , <http://isap.sejm.gov.pl/DetailsServlet?id=WDU20150001260>. The Statute of KDPW (English version) is available on the KDPW website: [http://www.kdpw.pl/en/rules/Documents/2017/KDPW\\_STATUT\\_EN.pdf](http://www.kdpw.pl/en/rules/Documents/2017/KDPW_STATUT_EN.pdf) . The Code of Commercial Companies (Polish version only) is available on the Parliament website: <http://isap.sejm.gov.pl/Download?id=WDU20000941037&type=3> .

Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (CSDR) <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:2014:257:TOC>

29 G02Q005

filecount - Please supply document(s) here:

PFMI: n/a

AGC: 7c

0

42 G02Q018

filecount - Add relevant appendices for this group.

PFMI: n/a

AGC: n/a

0

### Governance and ownership (PFMI Principle 2)

44 G03Q002

What type of legal entity is the institution?

PFMI: n/a

AGC: 3

- Public Company
- Private Company
- Central Bank (or part thereof)
- Stock Exchange (or part thereof)
- OTHER: joint stock company

45 G03Q003

Is the institution operated as a "for profit" or a "not for profit" organization?"

*PFMI: n/a*  
*AGC: 4*

Not for profit [A02]

46 G03Q004

Please provide the names of the owners and their ownership interest percentages.

*PFMI: n/a*  
*AGC: 5*

State Treasury 33%, Warsaw Stock Exchange 33%, National Bank of Poland (Central Bank) 33%

47 G03Q005

What is the date of establishment of the CSD?

*PFMI: n/a*  
*AGC: 6a*

07/11/1994

48 G03Q006

What is the date that the CSD's operations began?

*PFMI: n/a*  
*AGC: 6b*

11/04/1991

49 G03Q007

Are participants required to contribute capital to the CSD that would result in ownership of the CSD?

*PFMI: n/a*  
*AGC: 18*

No [A02]

58 G03Q016

What are the roles and responsibilities of the CSD's board of directors (or equivalent), and are they clearly specified? Please provide details of the structure and composition of your Board together with their industry experience and responsibilities in governing the CSD. What are the qualifications to become a board member?

*PFMI: Q.2.3.1*  
*AGC: 7d*

The Polish legal system (Code of Commercial Companies and Law on the Management of State Property) provides general requirements concerning members of corporate governing bodies. According to the Code, KDPW as a joint-stock company has a dual governance structure (so-called two-tier board system), with a supervisory and a management board. Qualification requirements concerning specific educational background and professional experience in relation to the members of governing bodies of companies belonging to the State Treasury are set out in Art. 22 of the Law on the Management of State Property. They have to hold a master's degree, have at least 5 years work experience, including 3 years on senior position or leading a proprietary business, they may not be

employed by any political party or any Member of Parliament nor remain in any conflict of interest with the Company. Any additional qualification requirements to appoint a Supervisory Board member are set by the shareholders, and for Management Board members – by the Supervisory Board. In KDPW these requirements include lack of criminal record and sufficiently good repute. Moreover, 2 members of the Supervisory Board have to qualify as independent members.

The Supervisory Board may comprise six to nine (currently 6) members, including a Chairman, a Vice-Chairman and a Secretary of the Supervisory Board. There are 3 Committees within the Supervisory Board: Audit Committee, Risk Committee and Remuneration Committee.

The Supervisory Board of KDPW continuously supervises the activities of the Company and its activities include: review of financial statements and Management Board reports, approval of the KDPW Rules, Rules of the Clearing Fund, rules of the trade repository, appointment and dismissal of members of the KDPW Management Board and decision on their remuneration levels, appointment of a certified auditor, approval of long-term and annual corporate business and financial plans presented by the Management Board and consent for the establishment of commercial law companies.

The Management Board of KDPW may comprise three to five (currently 3) members, including a President and a Vice-President.

The Management Board of KDPW oversees the affairs of the Company, manages its assets and represents the Company externally. In particular, the Management Board of KDPW prepares a draft of the KDPW Rules, the Rules of the Supervisory Board of KDPW, the Rules of the Court of Arbitration, as well as prepares drafts and adopts regulations governing the detailed operations of KDPW.

60 G03Q018

What are the election procedures?

*PFMI: Q.2.3.2*

*AGC: 7e*

The Supervisory Board represents shareholders. Members are appointed and dismissed by the Shareholders' General Meeting. The Members elect a Chairman and Vice-Chairman and may elect a Secretary in a secret ballot. The General Meeting is valid and may adopt resolutions if at least half of the shares are represented.

61 G03Q019

What is the maximum length of time a board member can serve?

*PFMI: Q.2.3.2*

*AGC: 7f*

The term of a board member is set out in the Statute of KDPW. It amounts to three years constituting a joint term of office of the Board members. The rule concerns both the Supervisory Board and the Management Board of KDPW. The mandates of all Board members expire on the day of the Annual Meeting of Shareholders which approves the financial statements for the previous full financial year. Under Polish law there is no limit as to the number of terms of office, however, there is a limitation as to the duration of such a term, which in joint stock companies is up to 5 years.

62 G03Q020

How are the voting powers distributed amongst the board members (i.e. does each board member have one vote or do certain members have additional voting power)?

*PFMI: Q.2.3.2*

*AGC: 7g*

Each Board member has one vote. The Supervisory board: Resolutions are adopted on the basis of an absolute majority of votes of the members present at the session, with the exception of resolutions concerning the appointment or dismissal of a member of the Management Board, which shall be passed

with a  $\frac{3}{4}$  majority of the votes cast. The Management board: Resolutions are adopted by ordinary majority of votes. In the case of a tie, the President of the Board has the casting vote.

64 G03Q022

What are the procedures established to review the performance of the board as a whole and the performance of the individual board members? Who is responsible for regulating the board members?

*PFMI: Q.2.3.4*

*AGC: 7h*

The Supervisory Board of KDPW S.A. supervises the activities of the Company by reviewing financial statements and reports of the KDPW Management Board as well as its recommendations on the division of profits or covering of losses, appointing and dismissing the Members of the Management Board and setting their salary levels and approving multi-annual and annual business and financial plans of the Company presented by the Management Board.

The number of Board members, the duration of the term of office (in accordance with the statutory norm), any additional rights for the President of the Board associated with supervising the work of the Board, as well as the manner of voting, the validity of Board meetings, extension or, as the case may be, limitation of competences of the Board in accordance with the Code of Commercial Companies are set out in the Statute of KDPW, i.e. by shareholders acting as the General Meeting.

67 G03Q025

Does the board include non-executive or independent board members?

*PFMI: Q.2.4.3*

*AGC: n/a*

Yes [Y]

68 G03Q026

If yes, how many?

*PFMI: Q.2.4.3*

*AGC: n/a*

2

84 G03042

filecount - Add relevant appendices for this group.

*PFMI: n/a*

*AGC: n/a*

0

### Comprehensive risk management (PFMI Principle 3)

87 G04Q003

Any direct damages or losses to participants caused by the CSD as a result of force majeure events, acts of God, or political events, etc.?

*PFMI: Q.3.1.1*  
*AGC: 66x.*

No [A02]

88 G04Q004

If yes, please check all of the following that apply:

*PFMI: Q.3.1.1*  
*AGC: 66y.*

- Financial limits are imposed on the amount of liability assumed by the CSD
- The CSD assumes liability for direct losses
- The CSD assumes liability for indirect or consequential losses
- OTHER:

89 G04Q005

In all cases where the CSD assumes responsibility for direct or indirect or consequential losses, is the CSD's liability limited by a standard of care determination?

*PFMI: Q.3.1.1*  
*AGC: 66+*

Yes [A01]

90 G04Q006

Please define the standard of care applied:

*PFMI: Q.3.1.1*  
*AGC: 66\**

A greater degree of effort is expected from KDPW, measured by recognising the professional nature of the depository functions carried out by KDPW.

109 G04Q025

filecount - Add relevant appendices for this group.

*PFMI: n/a*  
*AGC: n/a*

0

#### **Credit risk (PFMI Principle 4)**

111 G05Q002

Does the CSD have a banking license?

*PFMI: n/a*  
*AGC: n/a*

No [N]

120 G05Q011



Does the CSD have a guaranty fund independent of stock exchange or other market guarantees?

*PFMI: Q.4.3.1*  
*AGC: 78*

No [A02]

126 G05Q017  
Who is covered by the fund?

*PFMI: Q.4.3.1*  
*AGC: 78h.*

- Direct CSD participants only
- The beneficial owner also
- OTHER:

127 G05Q018  
When is the guaranty fund used?

*PFMI: Q.4.3.1*  
*AGC: 78j.*

- When a broker defaults
- When a direct participant defaults
- OTHER:

130 G05Q021  
Does the CSD have insurance to cover losses in the event of Default on settlement commitments by the CSD or a participant?

*PFMI: Q.4.3.3*  
*AGC: 91*

No [A02]

134 G05Q025  
Does the CSD accept liability (independent of any insurance coverage) for the following: Any direct damages or losses to participants caused by the CSD in its capacity as a central counterparty?

*PFMI: Q.4.3.3*  
*AGC: 66q.*

Not applicable [A03]

135 G05Q026  
If yes, please check all of the following that apply:

*PFMI: Q.4.3.3*  
*AGC: 66r.*

- Financial limits are imposed on the amount of liability assumed by the CSD
- The CSD assumes liability for direct losses
- The CSD assumes liability for indirect or consequential losses
- OTHER:

139 G05Q030

filecount - Add relevant appendices for this group.

*PFMI: n/a*

*AGC: n/a*

0

### Collateral (PFMI Principle 5)

140 G06Q001

Summary narrative for PFMI Principle 5. Please provide a summary narrative disclosure with sufficient detail and context, as well as any other appropriate supplementary information, to enable readers to understand the CSD's approach to or method for observing the principle. Please use the following questions as guidance for the points of focus and level of detail it is expected to convey in the disclosure. Cross references to publicly available documents should be included, where relevant, to supplement the discussion.)

*PFMI: Annex A - CSD disclosure template - IV.P5*

*AGC: 35c*

KDPW holds collateral for automatic securities loans (cash, Treasury bonds traded on the regulated market in the territory of the Republic of Poland, shares participating in the WIG20 index) in co-ordination with KDPW\_CCP. For tri-party repo transactions, KDPW keeps a register of collateral transferred between the parties (Treasury bonds traded on the regulated market in the territory of the Republic of Poland and cash – the last to be allowed only for marking to market the value of the repo transaction).

157 G06Q018

filecount - Add relevant appendices for this group.

*PFMI: n/a*

*AGC: n/a*

0

### Liquidity risk (PFMI Principle 7)

198 G06Q041

filecount - Add relevant appendices for this group.

*PFMI: n/a*

*AGC: n/a*

0

### Settlement finality (PFMI Principle 8)

199 G08Q015

filecount - Add relevant appendices for this group.

*PFMI: n/a*

*AGC: n/a*

0

**Money settlements (PFMI Principle 9)**

216 G09Q003

Who accepts cash deposits (or makes payment credit accommodations) for CSD transactions?

*PFMI: Q.9.1.1*

*AGC: 31*

- CSD
- Central Bank
- Banks appointed by CSD
- Neither or others (e.g. credit lines used)
- Not applicable
- OTHER: For EUR - banks appointed by KDPW participants.

217 G09Q004

Please indicate the name of the banks appointed by the CSD

*PFMI: Q.9.1.1*

*AGC: 31a*

Banks which are KDPW participants: BANK ZACHODNI WBK SA, ALIOR BANK SA, BANK GOSPODARSTWA KRAJOWEGO, POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA, BANK BGŻ BNP PARIBAS SA, BANK MILLENNIUM SA, BANK HANDLOWY W WARSZAWIE SA, RAIFFEISEN BANK POLSKA SA, ING BANK ŚLĄSKI SA, SOCIETE GENERALE SA ODDZIAŁ W POLSCE, BANK POLSKA KASA OPIEKI SA, DEUTSCHE BANK POLSKA SA, MBANK SA

218 G09Q005

Who processes cash clearing (or draws on credit lines, if applicable) for CSD transactions?

*PFMI: Q.9.1.1*

*AGC: 32*

- CSD
- Central Bank
- Banks appointed by the CSD
- Neither or others (e.g. credit lines used)
- Not applicable
- OTHER:

220 G09Q007

Who controls the movement of cash for cash deposits (or draws on credit lines, if applicable)?

*PFMI: Q.9.1.1*

*AGC: 33, 33b*

- CSD
- Central Bank
- Banks appointed by CSD
- Neither or others (e.g. credit lines used)
- Not applicable
- OTHER:

221 G09Q008

Please name banks appointed by the CSD

*PFMI: Q.9.1.1*  
*AGC: 33a*

Banks which are KDPW participants: BANK ZACHODNI WBK SA, ALIOR BANK SA, BANK GOSPODARSTWA KRAJOWEGO, POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA, BANK BGŻ BNP PARIBAS SA, BANK MILLENNIUM SA, BANK HANDLOWY W WARSZAWIE SA, RAIFFEISEN BANK POLSKA SA, ING BANK ŚLĄSKI SA, SOCIETE GENERALE SA ODDZIAŁ W POLSCE, BANK POLSKA KASA OPIEKI SA, DEUTSCHE BANK POLSKA SA, MBANK SA

222 G09Q009

Who controls the movement of cash for cash clearing (or for draws on credit lines, if applicable)?

*PFMI: Q.9.1.1*  
*AGC: 34*

- CSD
- Central Bank
- Banks appointed by CSD
- Neither or others (e.g. credit lines used)
- Not applicable
- OTHER:

223 G09Q010

Please name banks appointed by CSD

*PFMI: Q.9.1.1*  
*AGC: 34a*

Banks which are KDPW participants: BANK ZACHODNI WBK SA, ALIOR BANK SA, BANK GOSPODARSTWA KRAJOWEGO, POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA, BANK BGŻ BNP PARIBAS SA, BANK MILLENNIUM SA, BANK HANDLOWY W WARSZAWIE SA, RAIFFEISEN BANK POLSKA SA, ING BANK ŚLĄSKI SA, SOCIETE GENERALE SA ODDZIAŁ W POLSCE, BANK POLSKA KASA OPIEKI SA, DEUTSCHE BANK POLSKA SA, MBANK SA

233 G09Q020

filecount - Add relevant appendices for this group.

*PFMI: n/a*  
*AGC: n/a*

0

### Physical deliveries (PFMI Principle 10)

238 G10Q005

How are eligible securities lodged in the CSD system?

*PFMI: Q.10.1.3*  
*AGC: 57, 57a*

- A registered certificate in the name of the CSD is delivered to the CSD.
- A participant delivers the security with a valid transfer deed or stock power or other transfer document to the CSD which then effects registration.
- A registrar re-registers the security in the name of the CSD.
- Not applicable

OTHER: Securities are lodged into the depository system on the basis of a securities registration agreement concluded by the issuer with KDPW. The issuer authorises a direct participant of KDPW to act in its name in the registration process. The process of registration is two-fold. First a settlement instruction is sent by KDPW enabling securities to be registered on the issue account and the authorised direct participant's account. Then the second phase of the registration is performed on the basis of matched settlement instructions delivered by the authorised direct participant and by participants on whose accounts the securities are to be registered. The global amount of securities of a given ISIN is registered in KDPW on a registration account called an "issue account" and then on participants' accounts managed by KDPW. On the basis of records made by KDPW, participants register securities on securities accounts and omnibus accounts in their own securities registration systems.

239 G10Q006

When are securities lodged into the CSD reflected in a participant's CSD account?

*PFMI: Q.10.1.3*

*AGC: 58, 58a*

- Securities are reflected in the participant's CSD account immediately upon delivery to the CSD.  
 Securities are re-registered prior to being reflected in the participant CSD account.  
 Not applicable  
 OTHER:

240 G10Q007

How long does it usually take to lodge securities with the CSD?

*PFMI: Q.10.1.3*

*AGC: 59, 59b*

1 to 2 days [A01]

242 G10Q009

During the process of lodging securities into the CSD, can the securities be traded?

*PFMI: Q.10.1.3*

*AGC: 60*

No [A02]

243 G10Q010

During the process of lodging securities into the CSD, can the securities be settled?

*PFMI: Q.10.1.3*

*AGC: 60a*

No [A02]

244 G10Q011

During the process of lodging securities into the CSD, can the securities have ownership transferred?

*PFMI: Q.10.1.3*

*AGC: 60b*

No [A02]

246 G10Q013

If they cannot be settled, or if you answered other, please explain

*PFMI: Q.10.1.3*  
*AGC: 60d*

The settlement is possible only after the securities are registered on the participants' and investors' securities accounts.

247 G10Q014  
If ownership cannot be transferred, or if you answered other, please explain

*PFMI: Q.10.1.3*  
*AGC: 60e*

The transfer is possible only after the securities are registered on the participants' and investors' securities accounts.

248 G10Q015  
Are securities immediately available for delivery upon transfer to the CSD?

*PFMI: Q.10.1.3*  
*AGC: 61, 61d*

Yes [A01]

252 G10Q019  
What transfer process steps are involved when eligible securities are withdrawn from the CSD for safekeeping?

*PFMI: Q.10.1.3*  
*AGC: 63, 63a*

Other: The withdrawal of securities from safekeeping takes place in the following cases: 1) termination of dematerialisation of securities - following the issuer's resignation from being a public company, on approval of the Polish FSA or 2) in case of redemption of debt securities - withdrawal upon the issuer's request, without the PFSA approval.

253 G10Q020  
How long does it usually take to remove securities from the CSD?

*PFMI: Q.10.1.3*  
*AGC: 64, 64b*

3 days to 1 week [A02]

255 G10Q022  
While the securities are being removed from the CSD, can they be traded? (Choose one)

*PFMI: Q.10.1.3*  
*AGC: 65a*

Other: During the proces of removal from the Depository, securities cannot be traded neither on the regulated nor on the ASO market, but they may be traded on the OTC market and on the basis of Civil Law agreements, until the last day prior to deregistration.

257 G10Q024

While the securities are being removed from the CSD, can they be settled? (Choose one)

*PFMI: Q.10.1.3*

*AGC: 65c*

Other: Yes - only for trades concluded on the OTC market and on the basis of Civil Law agreements.

259 G10Q026

While the securities are being removed from the CSD, can they have ownership transferred? (Choose one)

*PFMI: Q.10.1.3*

*AGC: 65e*

Other: Yes - only for trades concluded on the OTC market and on the basis of Civil Law agreements.

262 G10Q029

What are the vault security procedures for the safekeeping of physical paper?

*PFMI: Q.10.2.1*

*AGC: 75*

- Not applicable, no vault is maintained
- Electronic keys or combinations
- Dual access control
- Visitor logs
- Vault counts
- Intrusion alarms
- Fire alarms
- Guards
- OTHER:

268 G10Q035

filecount - Add relevant appendices for this group.

*PFMI: n/a*

*AGC: n/a*

0

### Central Securities Depositories (PFMI Principle 11)

270 G11Q002

CSD FUNCTIONALITY AND SERVICES, USE OF AGENTS. Certain functionalities and services reduce risk to an investor if provided in an efficient manner. The purpose of this section is to identify those functionalities that may potentially be offered by depositories and clearing systems around the world, and ascertain whether they are offered by your institution. For which of the following security types do you serve as a CSD or clearing system?

*PFMI: n/a*

*AGC: 26*

- Government securities
- Equities
- Corporate bonds
- Corporate money market
- Not applicable
- OTHER: see p. 271

271 G11Q003

Please name the other security types:

*PFMI: n/a*

*AGC: 26a.*

Debt financial instruments: mortgage bonds, municipal bonds, convertible bonds, central bank bonds, financial institution bonds, non-public bonds, bonds with priorities rights, structured certificates. Equity financial instruments: preferred shares, investment certificates, exchange-traded funds (ETFs). Other securities: allotment certificates, subscription rights, option warrants, subscription warrants.

272 G11Q004

Is the use of the CSD in your market compulsory by law or compulsory by market practice for the settlement or safekeeping of all instrument types in your market (e.g. equities, government securities, corporate bonds, money market instruments, warrants, derivatives etc).

*PFMI: n/a*

*AGC: 27, 27c*

- Yes by law for settlement of all instrument types
- Yes by law for safekeeping of all instrument types
- Yes by market practice for settlement of all instrument types
- Yes by market practice for safekeeping of all instrument types
- Yes by law for settlement, but not for all instrument types
- Yes by law for safekeeping, but not for all instrument type
- Yes by market practice for settlement, but not for all instrument types
- Yes by market practice for safekeeping, but not for all instrument types
- Neither
- OTHER:

273 G11Q005

Please list the instrument types for which it is not compulsory by law to: (i) settle in your CSD

*PFMI: n/a*

*AGC: 27a. (i)*

The use of the depository in the Polish market is compulsory for settlement of transactions concluded on regulated and alternative markets. The instrument types for which it is not compulsory by law to settle are Treasury bonds (for trades outside the regulated market) and Treasury bills. T-Bills are settled in the Securities Register (operated by the National Bank of Poland).

274 G11Q006

(ii) safekeep in your CSD:

*PFMI: n/a*

*AGC: 27a. (ii)*

T-Bills are safekept in the Securities Register operated by the National Bank of Poland.

275 G11Q007

Please list the instrument types for which it is not compulsory by market practice to: (i) settle in your CSD



*PFMI: n/a*  
*AGC: 27b. (i)*

Treasury bills; T-Bills are by law settled with the Securities Register (operated by the National Bank of Poland).

276 G11Q008  
(ii) safekeep in your CSD:

*PFMI: n/a*  
*AGC: 27b. (ii)*

T-Bills are by law safekept in the Securities Register operated by the National Bank of Poland.

277 G11Q009  
Settlement and Safekeeping Percentages 28a Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) settled within your institution, exclusive of your links with third parties.

*PFMI: n/a*  
*AGC: 28 28a*

100 % - for securities traded on the regulated market and the alternative trading system.

278 G11Q010  
Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) held in safekeeping within your institution.

*PFMI: n/a*  
*AGC: 28b.*

100 % - for securities traded on the regulated market and the alternative trading system.

280 G11Q012  
In the event a participant's single or main account is blocked for any reason (e.g., insolvency, penalties, violations, liens), would securities held in any account or accounts on behalf of the participant's clients be accessible: By the participant's clients?

*PFMI: Q.11.1.1*  
*AGC: 44a*

Yes [A01]

281 G11Q013  
If yes, please describe briefly how clients of participants would access their securities and whether there would be any delay in their ability to do so:

*PFMI: Q.11.1.1*  
*AGC: 44b*

Any securities charges (i.e.: liens) made on accounts managed by KDPW may only affect those

accounts where the participant's own securities are registered. As a result of this a charge cannot limit access by a client of that participant to securities registered on the securities account managed by that participant. In the same way, the insolvency of a participant does not in itself lead to restriction of access by a client, since the client's securities do not make up the property of the participant, nor do they form that participant's assets. Only where the participation status of a given participant is suspended can their clients have difficulties in accessing securities they own which are registered on the client's securities accounts managed by that participant, since during the suspension period, all accounts managed for that participant in KDPW are suspended as well (this is the fundamental nature of participation). In such case (suspension of participant) the Polish Financial Supervision Authority may take a decision to transfer securities from accounts managed by this participant to another participant (who gave its consent to this action), where they are immediately accessible to the clients. The same situation may arise in the event of cancellation of participation.

282 G11Q014

By the intervening authorities controlling insolvency or other proceedings?

*PFMI: Q.11.1.1*

*AGC: 44d.*

No [A02]

284 G11Q016

By the participant's creditors?

*PFMI: Q.11.1.1*

*AGC: 44g, 44i*

No [A02]

286 G11Q018

By the CSD's creditors?

*PFMI: Q.11.1.1*

*AGC: 44j.*

No [A02]

288 G11Q020

What is your document and record retention policy for documents and records described above in this section?

*PFMI: Q.11.1.1*

*AGC: 47, 47a*

5 years [A04]

289 G11Q021

Does the law protect participant assets from claims and liabilities of the CSD?

*PFMI: Q.11.1.1*

*AGC: 54*

Yes [A01]

290 G11Q022

Can the CSD assess a lien on participant accounts? (A lien would entitle the CSD to take and hold or

sell the securities of the participant in payment of a debt.)

*PFMI: Q.11.1.1*  
*AGC: 55*

Yes [A01]

291 G11Q023

If yes, for what reasons are liens or similar claims imposed?

*PFMI: Q.11.1.1*  
*AGC: 55a*

- Fees and expenses
- Collateralization of overdrafts
- To secure payment for purchased securities
- OTHER: see 292

292 G11Q024

Please describe:

*PFMI: Q.11.1.1*  
*AGC: 55b*

The securities on the participant's proprietary account, which are marked as available for collateral purposes, may be used to further collateralize an automatic securities loan taken out by the participant if that participant (acting as a borrower) fails to provide sufficient collateral for the loan in the first place.

293 G11Q025

Please indicate the limits of this lien as indicated below:

*PFMI: Q.11.1.1*  
*AGC: 55c*

The lien is limited to securities in the participant's proprietary account [A01]

302 G11Q034

Transfer of Legal Ownership. Does the CSD have legal authority to transfer title to securities?

*PFMI: Q.11.1.1*  
*AGC: 56, 56e*

Yes [A01]

303 G11Q035

When does title or entitlement to CSD securities pass between participants?

*PFMI: Q.11.1.1*  
*AGC: 56a*

Other: See p. 304.

304 G11Q036

Please describe:

*PFMI: Q.11.1.1*  
*AGC: 56b*

The title to depository securities passes in the moment of booking these securities on securities accounts (i.e. end-investor accounts) kept by KDPW participants. Entries in these accounts arising from transactions shall be made on the basis of documents proving settlement of these transactions in KDPW.

308 G11Q040  
In what form does the CSD maintain records identifying the assets of each participant?

*PFMI: Q.11.1.2*  
*AGC: 45*

- Computer file
- Microfiche
- Hard copy
- Computer tape
- OTHER:

309 G11Q041  
In which format is the source data maintained?

*PFMI: Q.11.1.2*  
*AGC: 45b*

Internal IBM System i format.

314 G11Q046  
If the securities held with the CSD are recorded by book-entry at the registrar, what are the control features at the registrar for transfer of registrar positions to and from the CSD (e.g., authentication procedures, reconciliation, confirmation of position at registrar)? Please describe:

*PFMI: Q.11.1.6*  
*AGC: 52i*

Not applicable.

317 G11Q049  
How are CSD eligible securities held by the CSD?

*PFMI: Q.11.3.1*  
*AGC: 50, 50a*

- In dematerialized form
- In certificated form
- OTHER:

319 G11Q051  
If CSD eligible securities are certificated, can CSD eligible securities be held outside of the CSD?

*PFMI: Q.11.3.2*  
*AGC: 51*

Not applicable [A05]

322 G11Q054  
Are these certificates:

*PFMI: Q.11.3.2*  
*AGC: 51c*

- Bearer
- Registered
- OTHER:

323 G11Q055  
If registered, how are the CSD eligible securities registered?

*PFMI: Q.11.3.2*  
*AGC: 51d*

- In the name of the CSD
- In the name of the depositing participant or its nominee
- In the name of a separate nominee of the CSD
- OTHER:

327 G11Q059  
If securities are dematerialized: May dematerialized security positions be re-certificated and held outside the CSD?

*PFMI: Q.11.3.2*  
*AGC: 52*

Yes [A01]

328 G11Q060  
Are the securities held:

*PFMI: Q.11.3.2*  
*AGC: 52a, 52k*

- Through book-entry at the CSD
- Through book-entry at a registrar or issuer
- OTHER:

329 G11Q061  
Please identify which types of entities may act as registrars:

*PFMI: Q.11.3.2*  
*AGC: 52b*

- Issuers
- Separate companies that perform registrar functions
- CSD
- OTHER:

337 G11Q069  
Does the CSD accept liability (independent of any insurance coverage) for the following: Reconciliation errors with the registrar and/or the issuer that result in direct damages or losses to participants?

*PFMI: Q.11.4.1*  
*AGC: 66, 66a, 66d*

Yes [A03]

338 G11Q070  
If yes, please check all of the following that apply:

*PFMI: Q.11.4.1*  
*AGC: 66b 66c*

- Financial limits are imposed on the amount of liability assumed by the CSD
- The CSD assumes liability for direct losses
- The CSD assumes liability for indirect or consequential losses
- OTHER:

339 G11Q071  
Theft of securities (either physical certificate or electronically from accounts at the CSD) from the CSD that results in direct damages or losses to participants?

*PFMI: Q.11.4.1*  
*AGC: 66e, 66g, 66h*

Yes [A02]

340 G11Q072  
If yes, please check all of the following that apply:

*PFMI: Q.11.4.1*  
*AGC: 66f*

- Financial limits are imposed on the amount of liability assumed by the CSD
- The CSD assumes liability for direct losses
- The CSD assumes liability for indirect or consequential losses
- OTHER:

341 G11Q073  
Failure of the CSD's systems that result in direct damages or losses to participants because they cannot use either securities or funds?

*PFMI: Q.11.4.1*  
*AGC: 66i, 66l*

Yes [A02]

342 G11Q074  
If yes, please check all of the following that apply:

*PFMI: Q.11.4.1*  
*AGC: 66j, 66k*

- Financial limits are imposed on the amount of liability assumed by the CSD
- The CSD assumes liability for direct losses
- The CSD assumes liability for indirect or consequential losses
- OTHER:

343 G11Q075  
Any direct damages or losses to participants caused by the CSD due to its errors, omissions or fraud?

*PFMI: Q.11.4.1*  
*AGC: 66m, 66p.*

- Yes  
 No  
 Not applicable  
 OTHER:

344 G11Q076  
If yes, please check all of the following that apply:

*PFMI: Q.11.4.1*  
*AGC: 66n.*

- Financial limits are imposed on the amount of liability assumed by the CSD  
 The CSD assumes liability for direct losses  
 The CSD assumes liability for indirect or consequential losses  
 OTHER:

346 G11Q078  
Is the CSD immune from legal action in its own jurisdiction?

*PFMI: Q.11.4.2*  
*AGC: 68*

Other: According to Art. 6 p. 4 of the Bankruptcy and Restitution Law a legal entity which has been established on the basis of provisions of an Act of Parliament cannot be declared bankrupt. KDPW is currently such a legal entity.

348 G11Q080  
Does the CSD have Fidelity insurance (that is, insurance to cover loss of securities or money resulting, for example, from acts such as forgery, theft, fraud and/or employee dishonesty)?

*PFMI: Q.11.4.3*  
*AGC: 92*

Yes [A01]

349 G11Q081  
What is the amount of the coverage?

*PFMI: Q.11.4.3*  
*AGC: 92a.*

100 mn PLN (27 mn USD – USD/PLN 3,65 at the end of September 2017)

350 G11Q082  
What is the amount of the deductible?

*PFMI: Q.11.4.3*  
*AGC: 92b.*

100 000 PLN (27 000 USD – USD/PLN 3,65 at the end of September 2017)

351 G11Q083  
Does the CSD have insurance for Operational Errors?

*PFMI: Q.11.4.3*  
*AGC: 93*

Yes [A01]

352 G11Q084  
What is the amount of the coverage?

*PFMI: Q.11.4.3*  
*AGC: 93a.*

100 mn PLN (27 mn USD – USD/PLN 3,65 at the end of September 2017)

353 G11Q085  
What is the amount of the deductible?

*PFMI: Q.11.4.3*  
*AGC: 93b.*

250 000 - 300 000 PLN (68 000 - 82 000 USD – USD/PLN 3,65 at the end of September 2017)

354 G11Q086  
Does the CSD have Errors and Omissions insurance?

*PFMI: Q.11.4.3*  
*AGC: 94*

Yes [A01]

355 G11Q087  
What is the amount of the coverage?

*PFMI: Q.11.4.3*  
*AGC: 94a.*

100 mn PLN (2 mn USD – USD/PLN 3,65 at the end of September 2017)

356 G11Q088  
What is the amount of the deductible?

*PFMI: Q.11.4.3*  
*AGC: 94b.*

250 000 - 300 000 PLN (68 000 - 82 000 USD – USD/PLN 3,65 at the end of September 2017)

357 G11Q089



Does the CSD have insurance for the Premises?

*PFMI: Q.11.4.3*  
*AGC: 95*

Other: KDPW has insurance for the disaster recovery site. The owner of the main premises building (Stock Exchange Centre SA) holds the insurance for the building. KDPW has a 15,72% stake in the Stock Exchange Centre SA.

360 G11Q092  
Does the CSD have any other insurance?

*PFMI: Q.11.4.3*  
*AGC: 96, 96d*

Yes [A01]

361 G11Q093  
If so, what is it for?

*PFMI: Q.11.4.3*  
*AGC: 96a.*

There is insurance for fire and other events, such as break-ins and theft, robbery and destruction, for all risks relating to fittings and portable equipment (laptop computers, mobile phones), property insurance in transit in Polish territory, civil liability as a result of managing offices.

362 G11Q094  
What is the amount of the coverage?

*PFMI: Q.11.4.3*  
*AGC: 96b.*

Full property insurance - reproduction value.

364 G11Q096  
Who is the insurance carrier? If more than one insurance carrier, please list each carrier here and provide your responses to questions 97a and 97b in corresponding order.

*PFMI: Q.11.4.3*  
*AGC: 97*

AIG Europe Limited - operational risk insurance, PZU S.A. - other insurance agreements

365 G11Q097  
Who is the insurance carrier's parent company, if applicable? (If inapplicable, simply type n/a.)

*PFMI: Q.11.4.3*  
*AGC: 97a.*

n/a

366 G11Q098

What is the term of the policy?

*PFMI: Q.11.4.3*  
*AGC: 97b.*

1 year

367 G11Q099

Who does the insurance cover?

*PFMI: Q.11.4.3*  
*AGC: 97c, 97d*

- CSD
- Direct CSD participants
- Final investors
- Not applicable
- OTHER: KDPW\_CCP (KDPW's subsidiary)

369 G11Q101

filecount - Upload document here:

*PFMI: Q.11.4.3*  
*AGC: 98a.*

0

370 G11Q102

Do the CSD's written contracts, rules, or established practices and procedures provide protection against risk of loss of participant assets by the CSD in the form of indemnification?

*PFMI: Q.11.4.3*  
*AGC: 67a, 67b.*

- Yes
- No
- Not applicable
- OTHER:

372 G11Q104

Please provide details of the relevant sections of the contracts, rules or practices where this information is found

*PFMI: Q.11.4.3*  
*AGC: 67c.*

not applicable

373 G11Q105

Insurance

*PFMI: Q.11.4.3*  
*AGC: 67d.*

- Yes
- No
- Not applicable

[ ] OTHER:

374 G11Q106

Please explain (then please answer 67f):

*PFMI: Q.11.4.3*

*AGC: 67e.*

KDPW holds an insurance agreement to cover specific fraud relating to KDPW-owned financial instruments, financial instruments registered on KDPW accounts and KDPW managed accounts, or where KDPW holds powers of attorney. The policy further covers risks involving malfunctions of IT systems, computer crime and professional liability of financial institutions (interest or damages for failure to perform its functions, or for negligent performance).

375 G11Q107

Please provide details of the relevant sections of the contracts, rules or practices where this information is found

*PFMI: Q.11.4.3*

*AGC: 67f.*

not applicable

376 G11Q108

Acknowledgement of liability for losses caused by CSD's own actions.

*PFMI: Q.11.4.3*

*AGC: 67g.*

Yes [A01]

377 G11Q109

Please explain (then please answer 67i):

*PFMI: Q.11.4.3*

*AGC: 67h.*

see 374

378 G11Q110

Please provide details of the relevant sections of the contracts, rules or practices where this information is found.

*PFMI: Q.11.4.3*

*AGC: 67i.*

not applicable

379 G11Q111

Other

*PFMI: Q.11.4.3*

*AGC: 67j.*

Yes [Y]

380 G11Q112

Please explain (then please answer 67I):

*PFMI: Q.11.4.3*

*AGC: 67k.*

KDPW has a dedicated Corporate Security Department, which prepares policy, methodologies, procedures and tools to manage any kind of operational and legal risks, inter alia, resulting in a loss of assets registered in the KDPW depository system. However, rights to securities arise as a result of entries on securities accounts, which are in effect carried out by the participants themselves. The aggregated amounts of assets kept on securities accounts with participants are equal to the balances on depository accounts in KDPW. The reconciliation process at the end of each day allows to identify any discrepancies between KDPW's depository accounts and participants' aggregated accounts and take any action to resolve them. Moreover, operational risk management and monitoring systems have strict procedures to deal with any kind of incidents that can occur in the KDPW processes and address ways how to cope with them. In case of direct material loss of a participant due to KDPW's own fault, the insurance policy might be activated to cover the loss. In addition, the assets of investors kept on securities accounts with participants are safeguarded using a compensation scheme, which is administered by KDPW and used to pay compensation to clients in the event of the bankruptcy of a participant or fraudulent dealings by participants.

381 G11Q113

Please provide details of the relevant sections of the contracts, rules or practices where this information is found.

*PFMI: Q.11.4.3*

*AGC: 67l.*

Compensation Scheme Regulation, art. 132-146 of the Trading in Financial Instruments Act, Rules of Operation of the Compensation Scheme.

383 G11Q115

Are participants permitted to maintain more than one account at the CSD?

*PFMI: Q.11.5.1*

*AGC: 41*

Yes [A01]

384 G11Q116

If yes, please indicate number:

*PFMI: Q.11.5.1*

*AGC: 41a, 41c*

An unlimited number of accounts

More than one account

OTHER:

387 G11Q119

Are participants required/permitted to segregate assets held for their own benefit from those they hold for their clients?

*PFMI: Q.11.5.2*

AGC: 42

- Yes
- No
- Not applicable
- OTHER:

388 G11Q120

If yes, is segregation required or simply permitted?

*PFMI: Q.11.5.2*  
*AGC: 42a*

Required [A01]

389 G11Q121

How does segregation occur?

*PFMI: Q.11.5.2*  
*AGC: 42b, 42c*

- By separately designated participant accounts.
- By sub-accounts within a single participant account.
- By separately designated beneficial owner accounts.
- OTHER:

390 G11Q122

Does the CSD permit its participants to open accounts in the participant's own nominee name(s)?

*PFMI: Q.11.5.2*  
*AGC: 43, 43b*

Other: The Polish Securities Law allows for opening omnibus accounts, operated by KDPW participants or by KDPW, for their foreign clients. They are opened in the name of the participant's clients, not in the participant's own nominee name.

392 G11Q124

Does the CSD maintain records that identify the assets of each participant and segregate the system's own assets from the assets of participants?

*PFMI: Q.11.5.2*  
*AGC: 53, 53a*

- Yes
- No
- Not applicable
- OTHER:

393 G11Q125

Does the CSD provide services other than central safekeeping and administration of securities and settlement? If so, what services?

*PFMI: Q.11.6.1*  
*AGC: n/a*

Yes - see 394.

394 G11Q126

Please indicate services you provide.

*PFMI: Q.11.6.1*

*AGC: 35*

Own list or: *AGC: Information in advance on corporate (annual or special) meetings in order that owners can vote.*

Tax assistance where foreign holders may be entitled to tax relief at source or through a claim.

In order to avoid fails, an automatic securities lending facility - if requested - is provided for.

Collateral handling in support of activities including securities lending, overdraft coverage, cash management, repurchase agreements, etc.

Same day turnaround settlements.

Information on distribution of new issues (IPO, Privatization).

Not applicable

OTHER: Other services: Statutory services: (1) settlement of transactions conducted on the regulated and non-regulated markets; (2) automated pre-matching service for OTC settlement instructions; (3) hold-release mechanism which allows management of instructions sent for settlement; (4) Corporate Action processing: organising and co-ordinating the performance of issuers' obligations for securities owners, supporting information on both optional and mandatory events, providing an auto-compensation service for losing cash benefits from securities for non-defaulting party with a cum dividend entitlement benefit, acting as an intermediary in processing GMs (providing a list of shareholders authorised to attend the GM with an interface (web application) for issuer to pass on information related to the GMs); Other services: (5) voluntary partial settlement functionality: allows to optimise the volume of settled transactions outside of the organised markets, part of each DVP batch settlement, (6) negotiated securities lending & borrowing service organized in cooperation with KDPW\_CCP: voluntary service, intermediation in SLB agreements conclusion, fixed- or open-term securities loans available, settlement of loan for both opening and closing (return/recall) phase on a DvP basis with CCP guarantees for the closing phase, initial cash collateral transfer to the lender, daily mark-to-market of the initial cash collateral, managing loan throughout the loan's lifecycle, including returns, recalls, remuneration for the lent securities as well as provided cash collateral, market claims compensation in case of CAs on lent securities, (7) tri-party repo agent service: voluntary service, accepting repo instructions, selecting collateral for repo transactions, updating collateral, i.e., calculating and initiating collateral transfers, reporting collateral requirements to repo counterparties, processing the closing of repo transactions at the set date taking into account the repo rate, processing corporate actions for securities posted as collateral: modifications to the collateral register, processing compensation in respect of cash payments attached to securities posted as collateral. (8) trade repository service for reporting derivatives trades under the provisions of EMIR, (9) numbering agency service (ISIN, CFI, FISIN and LEI), (10) asset management; Complementary services: (11) organising and managing the Pension Guarantee Fund, (12) processing of transfer payments between open-ended pension funds, (13) managing the mandatory Investor Compensation Scheme in order to pool resources for the payment of compensation to investors who have lost their assets (cash and financial instruments) following the insolvency of their securities account provider.

395 G11Q127

Automatic securities lending facility is provided for:

*PFMI: Q.11.6.1*

*AGC: 35a*

Brokers

Banks

Other financial institutions

OTHER: The service is provided for banks and brokers who are direct participants of KDPW, acting on their own account or on the account of another person, however, the securities borrower may only be a direct participant with the status of clearing member in the transaction clearing system operated by KDPW\_CCP or with the status of a representative (settlement agent) for KDPW\_CCP clearing members.

396 G11Q128

If collateral handling, please provide details

*PFMI: Q.11.6.1*

AGC: 35c

KDPW holds collateral for: - automatic securities loans (cash, Treasury bonds traded on the regulated market in Poland, shares participating in the WIG20 index) in co-ordination with KDPW\_CCP. - tri-party repo transactions (Treasury bonds traded on the regulated market in Poland and cash – last to be allowed only for marking to market the value of the repo transaction), - KDPW\_CCP holds on depository accounts in KDPW the collateral for initial margins and clearing funds of its participants resulting from trades executed on regulated and alternative markets, - a negotiated securities lending & borrowing service for which initial margin and guarantee fund are kept for KDPW\_CCP, - participants keep collateral to pledge intra-day technical credit granted by the National Central Bank, - securities are also blocked on depository accounts under pledge: (1) for the collateralisation of refundable financial aid granted by the Bank Guarantee Fund, (2) for the collateralisation of refinancing Lombard credit granted by the National Bank of Poland; (3) in favour of the Council of Europe Development Bank, European Investment Bank.

398 G11Q130

What procedures are in place for the processing of corporate action entitlements?

PFMI: Q.11.6.1  
AGC: 36

- Credited to the securities account on the day indicated below regardless of whether actually collected by the CSD on the scheduled date.  
 Credited to the securities account upon actual receipt by the CSD.  
 Corporate action entitlements are handled by an entity separate from the CSD.  
 Not applicable  
 OTHER:

399 G11Q131

Credited to the securities account:

PFMI: Q.11.6.1  
AGC: 36a

- On pay date.  
 On pay date +1.  
 On pay date +2.  
 OTHER:

401 G11Q133

What procedures are in place for the processing of interest and dividends?

PFMI: Q.11.6.1  
AGC: 37, 37d.

- Credited to the cash account on the day indicated below regardless of whether actually collected by the CSD on the scheduled date.  
 Credited to the cash account upon actual receipt by the CSD.  
 Income and dividend collection is handled by an entity separate from the CSD.  
 Not applicable  
 OTHER:

402 G11Q134

Credited to the cash account:

PFMI: Q.11.6.1  
AGC: 37a

- On pay date.

On pay date +1.  
 On pay date +2.  
 OTHER:

405 G11Q137  
filecount - Add relevant appendices for this group.

*PFMI: n/a*  
*AGC: n/a*

0

### Exchange-of-value settlement systems (PFMI Principle 12)

408 G12Q003  
Does the CSD guaranty settlement?

*PFMI: Q.12.1.1*  
*AGC: 66u.*

Other: There is no settlement guarantee provided by the CSD. Clearing guarantee is accomplished by KDPW\_CCP (wholly owned by KDPW, EMIR compliant), which clears transactions executed in cash and derivatives, on- and off-exchange markets.

411 G12Q006  
The Committee on Payment and Settlement Systems of the Bank for International Settlements (BIS) has identified three common structural approaches or models for linking delivery and payment in a securities settlement system. Please indicate which model your procedures most closely resemble.

*PFMI: Q.12.1.2*  
*AGC: 48*

Model1  
 Model2  
 Model3  
 Not applicable  
 OTHER:

412 G12Q007  
Please briefly describe your settlement process, including how do your settlement procedures vary from the model chosen above?

*PFMI: Q.12.1.3*  
*AGC: 48a*

Model 1 (gross settlement of both securities and cash) is applicable to the settlement of transactions in RTGS. Model 2 (gross settlement of securities with net settlement of cash via central bank) is applicable to the settlement in the batch system. Model 3 (net settlement of both securities and cash) is applicable to the settlement in the batch system for all guaranteed market transactions. The securities netting process is performed following novation in KDPW\_CCP. At the end of the trade day (T), settlement instructions are sent to KDPW for T+2 settlements. Securities netting is an optional service. There are two options of securities netting functionality, full netting or directional netting (for each clearing account the securities settlement method may be chosen separately). The full netting method means one net settlement instruction for each clearing position, in directional netting two net settlement instructions are generated, respectively, for the buy and the sell clearing positions.



415 G12Q010

Are the cash and security movements simultaneous?

*PFMI: Q.12.1.3*

*AGC: 49*

Yes [A01]

417 G12Q012

filecount - Add relevant appendices for this group.

*PFMI: n/a*

*AGC: n/a*

0

### Participant default rules and procedures (PFMI Principle 13)

421 G13Q004

During the past three years, has there been a situation where a participant defaulted which resulted in a significant loss?

*PFMI: Q.13.1.2*

*AGC: 77*

No [A02]

423 G13Q006

Does the stock exchange have default protections that extend to the CSD, such as the following?

*PFMI: Q.13.1.2*

*AGC: 80*

- Margin requirements for stock exchange members
- Guaranty fund for stock exchange members
- Financial requirements for stock exchange membership
- No
- Not applicable
- OTHER: see 424

424 G13Q007

Please explain:

*PFMI: Q.13.1.2*

*AGC: 80a*

KDPW\_CCP maintains a guarantee system for stock exchange and the alternative trading platform transactions (excluding block trade transactions) and also for OTC derivatives market transactions.

427 G13Q010

Participant Default Protections Resulting from a Participant Failure. If a participant defaults, how is the loss covered? (Choose all that apply?)

*PFMI: Q.13.1.4*

*AGC: 76, 76d*

- CSD insurance covers the loss

The CSD guaranty fund covers the loss  
 Loss is shared among participants  
 Not applicable  
 OTHER: KDPW\_CCP, a subsidiary of KDPW, operates a guaranty system covering the losses of clearing members, represented by settlement agents in KDPW. KDPW\_CCP uses a range of mechanisms, which reduce the risk of counterparty default on a systemic basis. The sequence of activating the resources of the clearing guarantee system is as follows: 1) the defaulting clearing member's credits; 2) the defaulting clearing member's margins (initial deposit, initial margin, additional margin); 3) default/guarantee fund – the defaulting clearing member's contribution; 4) KDPW\_CCP dedicated capital in the amount corresponding to at least 25% of the capital requirements; 5) basic contributions of KDPW\_CCP's non-defaulting members to the guarantee fund; 6) KDPW\_CCP own capital up to the level of 110% of the required capital; 7) additional contributions of KDPW\_CCP's non-defaulting members to the guarantee fund capped at the level of the 50% of contributions' value resulting from the most recent update; 8) the remaining own funds of KDPW\_CCP.

430 G13Q013  
Please explain:

PFMI: Q.13.1.4  
AGC: 76d

Loss-sharing is used in further stages of the KDPW\_CCP's default waterfall procedures, when basic contributions to the settlement guarantee fund of KDPW\_CCP's non-defaulting members are used, and further, when additional contributions of KDPW\_CCP's non-defaulting members capped at the level of the 50% of original payments as per the latest calculation are demanded.

438 G13Q021  
filecount - Add relevant appendices for this group.

PFMI: n/a  
AGC: n/a

0

### General business risk (PFMI Principle 15)

440 G14Q002  
Is a financial audit performed by an Audit Firm, Regulatory Authority, or other external party?

PFMI: Q.17.2.3  
AGC: 15

Yes [Y]

441 G14Q003  
If yes, please state the name(s) of the entity(ies) who perform the financial audit.

PFMI: n/a  
AGC: 15a.

Ernst & Young Audyt Polska Sp. z o. o. Sp. K. Tax audits are performed by the Fiscal Audit Office, ISM Modzelewski i Wspólnicy sp. z o.o.

442 G14Q004  
Please list the date of your last financial audit performed by an Audit Firm, Regulatory Authority, or other external party:

*PFMI: n/a*  
*AGC: 15b.*

27/02/2017

443 G14Q005

Please list the period that the audit covered:

*PFMI: n/a*  
*AGC: 15c.*

Start date: 01/01/2016  
End date: 31/12/2016

444 G14Q006

How frequently does the financial audit occur?

*PFMI: n/a*  
*AGC: 15d.*

Annually [A02]

446 G14Q008

Please select the statement that most accurately characterizes the results of the last financial audit:

*PFMI: n/a*  
*AGC: 15g.*

No material exceptions found. [A01]

448 G14Q010

Has there been any material loss by the CSD during the past three years?

*PFMI: n/a*  
*AGC: 86*

No [A02]

450 G14Q012

Has the CSD been subject to any litigation involving a participant during the past three years?

*PFMI: n/a*  
*AGC: 87*

No [A02]

452 G14Q014

Has the CSD realized revenues sufficient to cover expenses during the past three years?

*PFMI: n/a*  
*AGC: 88, 88a*

Yes for all three years [A01]

453 G14Q015

Has any participant suffered any losses in the past three years due to the CSD's performance?

*PFMI: n/a*  
*AGC: 30, 30m*

No [A02]

454 G14Q016

If yes, please select all of the following in which loss has occurred. You will be prompted to enter the number of instances and total loss in USD thereafter.

*PFMI: n/a*  
*AGC: 30a, 30j*

- Corporate Action
- Settlement Process - Securities
- Settlement Process - Cash
- System Outage
- OTHER:

468 G14Q030

Does the CSD maintain a reserve for operating losses?

*PFMI: Q.15.2.1*  
*AGC: 89, 89b*

No [A02]

482 G14Q044

filecount - Add relevant appendices for this group.

*PFMI: n/a*  
*AGC: n/a*

0

### Custody risk (PFMI Principle 16)

485 G15Q003

Are there any activities performed by a third party on behalf of the CSD for the CSD participants (e.g., vaulting of physical securities, registration, entitlement processing, etc.)?

*PFMI: Q.16.1.1*  
*AGC: 29, 29i*

- Yes
- No
- Not applicable
- OTHER:

488 G15Q006

If you acknowledge responsibility, please indicate whether your responsibility is assumed

*PFMI: Q.16.1.1*

AGC: 29c, 29e.

- regardless of whether such loss was caused by any action or inaction of the agent
- if such loss was caused by the agent's action or inaction and such action or inaction was deemed to be negligence on the part of the agent
- if such loss was caused by the agent's action or inaction and such action or inaction was deemed to be gross negligence on the part of the agent
- if the loss was caused by the willful default or other willful conduct on the part of the agent
- OTHER:

489 G15Q007

If you acknowledge responsibility for agents, your responsibility is assumed for losses

PFMI: Q.16.1.1

AGC: 29d, 29h.

- without limit
- which are not consequential losses
- subject to a monetary limit not based on insurance limits
- subject to a monetary limit based on insurance limits
- OTHER:

496 G15Q014

Please describe briefly the arrangements / procedures / facilities you maintain to ensure that eligible securities held at the CSD are handled at least as efficiently as compared to securities held outside the CSD, particularly in relation to income, corporate actions and proxy services.

PFMI: Q.16.3.1

AGC: 62

There are no securities held outside the CSD.

503 G15Q021

filecount - Add relevant appendices for this group.

PFMI: n/a

AGC: n/a

0

### Operational risk (PFMI Principle 17)

514 G16Q011

Internal Audit. Is an internal audit undertaken in your CSD?

PFMI: Q.17.2.3

AGC: 14

Yes [Y]

515 G16Q012

If yes, what areas does the audit cover (financials, operations, etc.) and which department in your CSD handles it?

PFMI: Q.17.2.3

AGC: 14a.

The audit covers operations, compliance and partially financial areas. It is handled by the Internal Audit Department.

516 G16Q013

Please list the date of your last internal audit and the period that the audit covered:

*PFMI: Q.17.2.3*

*AGC: 14b.*

Start date: 30/08/2017

End date: 29/09/2017

Audit date: 31/07/2017

517 G16Q014

How frequently does the internal audit occur?

*PFMI: Q.17.2.3*

*AGC: 14c.*

Two or more times a year [A01]

519 G16Q016

Are the results of the internal audit publicly available?

*PFMI: Q.17.2.3*

*AGC: 14e.*

No [N]

520 G16Q017

Please select the statement that most accurately characterizes the results of the last internal audit:

*PFMI: Q.17.2.3*

*AGC: 14f.*

No material exceptions found. [A01]

523 G16Q020

Is an operational audit performed by an Audit Firm, Regulatory Authority, or other external party?

*PFMI: Q.17.2.4*

*AGC: 16*

Yes [Y]

524 G16Q021

If yes, please state the name(s) of the entity(ies) who perform the operational audit.

*PFMI: Q.17.2.4*

*AGC: 16a.*

The Polish Financial Supervision Authority (PFSA)

525 G16Q022

Please list the date of your last operational audit performed by an Audit Firm, Regulatory Authority, or other external party:

*PFMI: Q.17.2.4*

*AGC: 16b.*

15/06/2010

526 G16Q023

Please list the period that the audit covered:

*PFMI: Q.17.2.4*

*AGC: 16c.*

Start date: 02/01/2007

End date: 31/12/2009

527 G16Q024

How frequently does the operational audit occur?

*PFMI: Q.17.2.4*

*AGC: 16d.*

Less than annually [A03]

528 G16Q025

If less than annually, please explain:

*PFMI: Q.17.2.4*

*AGC: 16e.*

The PFSA performs audits usually at the request of KDPW participants, which may seek an investigation of certain procedures. No such requests have been made since 2009.

529 G16Q026

Please select the statement that most accurately characterizes the results of the last operational audit:

*PFMI: Q.17.2.4*

*AGC: 16g.*

No material exceptions found. [A01]

537 G16Q034

How is access to the physical building controlled?

*PFMI: Q.17.5.1*

*AGC: 74*

- By guards
- By electronic keys
- personal ID card
- By alarm system
- OTHER:

541 G16Q038

Regarding data security: Are passwords used by participants to access their accounts?

*PFMI: Q.17.5.3*

*AGC: 71 71a.*

Other: Participants have access to the Electronic System for Distribution of Information (ESDI/WEB) or the Electronic System for Message Distribution (ESDK). Data security is based mainly on individual cryptographic keys. ESDI/WEB: when a participant enters ESDI/WEB through website www.kdpw.pl, he has to enter login and password, and in the next step, select the appropriate certificate. When a participant enters directly (<https://esdi.kdpw.pl>), he has to select the appropriate certificate. ESDK as system to system communication solution doesn't provide any user interface. Security such as authentication and data encryption is based on specific MQ digital certificate.

542 G16Q039

Does each user have a unique user ID?

*PFMI: Q.17.5.3*

*AGC: 71c.*

Yes [A01]

543 G16Q040

Are passwords regularly changed?

*PFMI: Q.17.5.3*

*AGC: 71e.*

Other: No, Individual cryptographic keys are changed every 2 years.

545 G16Q042

Is there a user lock-out after a pre-set number of unsuccessful User ID attempts?

*PFMI: Q.17.5.3*

*AGC: 71h.*

Other: Yes, after 5 unsuccessful attempts (login/password). No, if the certificate is used directly.

550 G16Q047

How quickly can the main system be reactivated in the event of an outage?

*PFMI: Q.17.6.2*

*AGC: 82*

1 - 4 hours [A01]

553 G16Q050

Will the CSD publicly announce any system interruption?

*PFMI: Q.17.6.4*

*AGC: 84*

Yes [A01]



554 G16Q051

To whom will the CSD disclose any system interruptions?

*PFMI: Q.17.6.4*

*AGC: 84a.*

- To the CSD regulators
- To all direct participants
- To direct and indirect participants
- To the public via the internet
- In the press
- OTHER:

558 G16Q055

How will the CSD disclose any system interruptions?

*PFMI: Q.17.6.4*

*AGC: 84e.*

- By e-mail
- By telephone
- Public announcement
- Press release
- OTHER: Electronic System for Distribution of Information (ESDI/WEB), fax

559 G16Q056

Please explain:

*PFMI: Q.17.6.4*

*AGC: 84f.*

Electronic System for Distribution of Information (ESDI/WEB), fax

561 G16Q058

If a back-up system exists, how quickly can the back-up system be activated in the event of the main system failing?

*PFMI: Q.17.6.5*

*AGC: 83*

1 - 4 hours [A01]

565 G16Q062

BUSINESS RECOVERY PLAN. This section is intended to identify key aspects of the CSD's Business Recovery Plan (BRP), including testing requirements and past results, expected recovery time periods, and the independent review and validation (if any) of the BRP. Do you have a formal business recovery plan?

*PFMI: Q.17.6.8*

*AGC: 81*

Yes [Y]

566 G16Q063

Does your Business Recovery Plan include:

*PFMI: Q.17.6.8*

*AGC: 81a, 81h.*

- Back-up of all computer files
- Off-site data storage
- Back-up files stored and locked
- Off-site operations facility
- OTHER: On-line data replication

567 G16Q064

Please identify both the frequency and the last date of testing for the following third party: CSD participants/members

*PFMI: Q.17.6.8*

*AGC: 81b.*

at last once a year; the last date of testing: 14.10.2017

568 G16Q065

Please identify both the frequency and the last date of testing for the following third party: Stock exchange

*PFMI: Q.17.6.8*

*AGC: 81c.*

at last once a year; the last date of testing: 14.10.2017

569 G16Q066

Please identify both the frequency and the last date of testing for the following third party: Central bank

*PFMI: Q.17.6.8*

*AGC: 81d.*

at last once a year; the last date of testing: 14.10.2017

570 G16Q067

Please identify both the frequency and the last date of testing for the following third party: Local brokers

*PFMI: Q.17.6.8*

*AGC: 81e.*

at last once a year; the last date of testing: 14.10.2017

572 G16Q069

In the past three years, has it been necessary to activate the recovery plan in a live situation?

*PFMI: Q.17.6.8*

*AGC: 85*

No [A02]

575 G16Q072

What was the impact to the market?

*PFMI: Q.17.6.8*  
*AGC: 85c, 85d.*

- All securities settlements took place as scheduled on the same day with good value
- All cash settlements took place as scheduled on the same day with good value
- All securities settlements took place one business day late with good value
- All cash settlements took place one business day late with good value
- All securities settlements took place one business day late with value one day late
- All cash settlements took place one business day late with value one day late
- All securities settlements took place more than one business day late
- All cash settlements took place more than one business day late
- As a result of the system failure, all fines and penalties for late settlements were waived
- Even though there was a system failure, all fines and penalties for late settlements were still assessed
- OTHER:

578 G16Q075

Are procedures and controls (firewalls) in place to avoid systemic collapse or contamination if one of the linked entities should experience business interruptions for whatever reason?

*PFMI: Q.17.7.1*  
*AGC: 39*

- Yes
- No
- Not applicable

579 G16Q076

Please explain

*PFMI: Q.17.7.1*  
*AGC: 39a*

The links are provided via the SWIFT messaging system and there is no direct linkage between the KDPW and the other entity's systems. The workstation is secured with standard SWIFT security system.

584 G16Q081

filecount - Add relevant appendices for this group.

*PFMI: n/a*  
*AGC: n/a*

0

### Access and participation requirements (PFMI Principle 18)

587 G17Q003

Are prospective participants subject to an initial review and approval process regarding compliance with eligibility requirements?

*PFMI: Q.18.1.1*  
*AGC: 19*

Yes [A01]

591 G17Q007

What governs the relationship between the CSD and the participants?

*PFMI: Q.18.2.2*

*AGC: 20*

- Relevant law and regulation
- Standard participation contract
- Established terms and conditions of participation
- By-laws of the CSD
- Rules of the CSD
- Not applicable
- OTHER:

594 G17Q010

PARTICIPANTS AND PARTICIPATION. The purpose of this section is to understand issues relating to participation in the CSD, including eligibility requirements, conditions of participation, and supervision of participants. What types of entities are eligible to become participants and how many of each type are there currently?

*PFMI: Q.18.2.3*

*AGC: 17, 17q*

- Banks
- Brokers
- Individuals
- Foreign Institutions
- Not applicable
- OTHER: Depositors (financial institutions), Clearing houses (KDPW\_CCP), Central securities depositories (KDPW), Ministry of Finance; Bank Guarantee Fund, Central Bank (National Bank of Poland)

595 G17Q011

How many Bank participants are there currently? (then please answer 17b)

*PFMI: Q.18.2.3*

*AGC: 17a.*

13

596 G17Q012

Please select the features included in the eligibility requirements for Banks.

*PFMI: Q.18.2.3*

*AGC: 17b, 17d*

- Financial Thresholds
- Regulatory Oversight
- Market Experience
- OTHER: see 597

597 G17Q013

Please explain:

*PFMI: Q.18.2.3*

*AGC: 17d.*

Material and technical requirements

598 G17Q014

How many Broker participants are there currently? (then please answer 17f)

*PFMI: Q.18.2.3*

*AGC: 17e.*

31

599 G17Q015

Please select the features included in the eligibility requirements for Brokers.

*PFMI: Q.18.2.3*

*AGC: 17f, 17h*

- Financial Thresholds
- Regulatory Oversight
- Market Experience
- OTHER: Material and technical requirements

601 G17Q017

Please select the features included in the eligibility requirements for Individual participants.

*PFMI: Q.18.2.3*

*AGC: 17j.*

- Financial Thresholds
- Regulatory Oversight
- Market Experience
- OTHER:

602 G17Q018

How many Foreign Institution participants are there currently?

*PFMI: Q.18.2.3*

*AGC: 17m.*

2

603 G17Q019

Please select the features included in the eligibility requirements for Foreign Institution participants.

*PFMI: Q.18.2.3*

*AGC: 17n, 17p.*

- Financial Thresholds
- Regulatory Oversight
- Market Experience
- OTHER: Material and technical requirements

604 G17Q020

If you have selected "Other entities" above, please explain:

*PFMI: Q.18.2.3*

*AGC: 17q.*

Brokerage offices and banks, as well as other entities: clearing houses (KDPW\_CCP), central securities depositories (KDPW); Bank Guarantee Fund, Central Bank (National Bank of Poland), may participate in the KDPW system as depositors - participants who entrust KDPW with the management of securities accounts for their own securities.

605 G17Q021  
Indicate how many "Other entities" are currently participants?

*PFMI: Q.18.2.3*  
*AGC: 17r.*

38

606 G17Q022  
Please select the features included in the eligibility requirements for the participants referred to above as "Other entities".

*PFMI: Q.18.2.3*  
*AGC: 17s, 17u*

- Financial Thresholds
- Regulatory Oversight
- Market Experience
- OTHER: Material and technical requirements.

612 G17Q028  
Where can a description of the specific eligibility requirements for Foreign Institution participants be found?

*PFMI: Q.18.2.5*  
*AGC: 17o.*

Act on Trading in Financial Instruments, KDPW Rules

613 G17Q029  
Where can a description of the specific eligibility requirements for participants described above as "Other entities" be found?

*PFMI: Q.18.2.5*  
*AGC: 17t.*

KDPW Rules

614 G17Q030  
How does the CSD notify participants of material changes to the conditions of participation?

*PFMI: Q.18.2.5*  
*AGC: 22*

- By e-mail
- By telephone
- By public announcement
- By press release

Not applicable  
 OTHER: see 615

615 G17Q031  
Please explain:

*PFMI: Q.18.2.5*  
*AGC: 22a.*

Electronic information system: ESDI/WEB (Electronic System for Distribution of Information)

617 G17Q033  
Who enforces compliance with the CSD's conditions of participation?

*PFMI: Q.18.3.1*  
*AGC: 23*

The CSD  
 The exchange  
 The CSD's regulator  
 Not applicable  
 OTHER:

619 G17Q035  
Does the CSD have forms of oversight management for assessing and monitoring of the following?

*PFMI: Q.18.3.1*  
*AGC: 79*

Participant eligibility requirements  
 Participant volumes  
 Participant financial strength  
 Other loss or default protections the CSD maintains  
 Collateral requirements for participants  
 Debit caps for participants  
 Settlement controls that minimize or eliminate the risk of default by a participant  
 Blocking of securities movement before receipt of payment  
 Blocking payment until securities are moved  
 Not applicable  
 OTHER:

623 G17Q039  
What type or types of settlement controls

*PFMI: Q.18.3.1*  
*AGC: 79d.*

Blocking or freezing of securities positions  
 Controlling DVP settlement  
 Simultaneous DVP  
 OTHER: see 627

626 G17Q042  
Please explain:

*PFMI: Q.18.3.1*  
*AGC: 79g.*

Simultaneous DVP - settlement of securities is effected after the confirmation of cash settlement in the central bank.

627 G17Q043

Please identify and explain:

*PFMI: Q.18.3.1*

*AGC: 79h*

Additional settlement controls: (1) automated reconciliation process between KDPW and participants: securities transfers are reconciled with direct participants immediately upon receipt of settlement confirmation from KDPW, total issue balances are checked against holdings on participants accounts at KDPW on a daily basis. Any unreconciled item must be posted on a special account and it is reported to KDPW on a daily basis. Each participant is obliged to take necessary steps to resolve the issue immediately. (2) In case of differences between KDPW and participant's records, a written explanation is required. KDPW may perform inspections at participants' premises and can impose particular obligations or sanctions on its participants.

631 G17Q047

What enforcement actions are available to the enforcement authority?

*PFMI: Q.18.3.3*

*AGC: 24*

- Fines
- Restrictions on participation
- Suspension of participation
- Termination of participation
- Not applicable
- OTHER: see 632

632 G17Q048

Please explain:

*PFMI: Q.18.3.3*

*AGC: 24a*

The CSD may caution a participant.

633 G17Q049

Has there been any such enforcement actions in the last three years?

*PFMI: Q.18.3.3*

*AGC: 25*

Yes [Y]

634 G17Q050

If yes, please explain, including information relative to any suspensions of CSD participants:

*PFMI: Q.18.3.3*

*AGC: 25a.*



During the past 3 years the following disciplinary measures have been applied vis-a-vis 1 participant: a caution resulting from the contravention of the securities book keeping rules; afterwards, the same participant had a deadline set (preceding the fine) to fulfil the obligation to employ persons who have the special knowledge and experience or qualifications to run the securities book keeping system.

636 G17Q052  
filecount - Add relevant appendices for this group.

*PFMI: n/a*  
*AGC: n/a*

0

### Tiered participation (PFMI Principle 19)

647 G18Q011  
filecount - Add relevant appendices for this group.

*PFMI: n/a*  
*AGC: n/a*

0

### Links (PFMI Principle 20)

651 G19Q004  
Please list all depositories or settlement systems to which you have an electronic link.

*PFMI: Q.20.1.2*  
*AGC: 38*

OeKB (Austria), KELER (Hungary), Clearstream Banking Luxembourg, Euroclear Bank, Nasdaq CSD (Estonia, Lithuania), KDD (Slovenia), CDAD (Bulgaria)

664 G19Q017  
filecount - Add relevant appendices for this group.

*PFMI: n/a*  
*AGC: n/a*

0

### Efficiency and effectiveness (PFMI Principle 21)

673 G20Q009  
filecount - Add relevant appendices for this group.

*PFMI: n/a*  
*AGC: n/a*

0

**Communication (PFMI Principle 22)**

676 G21Q003

Security Control. How do participants receive information (view actual settlement of trades, movement of securities on their accounts, etc.) and see the status of their accounts?

*PFMI: Q.22.1.1*

*AGC: 69*

- By direct electronic link
- By receipt of physical account holding statements
- Not applicable
- OTHER:

678 G21Q005

Do participants have access to affect their holdings, including confirming and affirming trades, movement of securities on their accounts, etc.?

*PFMI: Q.22.1.1*

*AGC: 70*

Yes [A01]

679 G21Q006

How is access given to participants?

*PFMI: Q.22.1.1*

*AGC: 70a.*

- By direct electronic link
- OTHER:

680 G21Q007

Please select type of electronic link:

*PFMI: Q.22.1.1*

*AGC: 70b.*

- Dial-up modem
- Secured, leased, dedicated telephone line
- Internet
- Fax

681 G21Q008

Please explain:

*PFMI: Q.22.1.1*

*AGC: 70c.*

Participants can use the message communication system: ESDI/WEB (Electronic System of the Information Distribution) or ESDK (Electronic System of the Messages Distribution).

682 G21Q009

Does the CSD communicate with other market entities such as stock exchanges, payment systems, clearing houses, etc., by secured linkages?

*PFMI: Q.22.1.1*  
*AGC: 72*

Yes [A01]

683 G21Q010  
Please explain:

*PFMI: Q.22.1.1*  
*AGC: 72a*

Secured linkages are provided to: Warsaw Stock Exchange, National Bank of Poland, Polish Financial Supervision Authority, BondSpot S.A.

684 G21Q011  
How does the CSD communicate with Stock Exchanges?

*PFMI: Q.22.1.1*  
*AGC: 73 73a*

- Dial-up modem
- Secured, leased, dedicated telephone line
- Internet
- Fax
- Paper
- other
- Not applicable
- OTHER:

685 G21Q012  
How does the CSD communicate with Payment Systems?

*PFMI: Q.22.1.1*  
*AGC: 73b*

- Dial-up modem
- Secured, leased, dedicated telephone line
- Internet
- Fax
- Paper
- other
- Not applicable
- OTHER: The central bank payment system - SWIFT, the commercial bank system (for currencies other than PLN and EUR) - internet.

686 G21Q013  
How does the CSD communicate with Clearing Houses?

*PFMI: Q.22.1.1*  
*AGC: 73c*

- Dial-up modem
- Secured, leased, dedicated telephone line
- Internet
- Fax
- Paper

other  
 Not applicable  
 OTHER: The KDPW\_CCP system is operated by KDPW.

687 G21Q014  
How does the CSD communicate with Registrars?

*PFMI: Q.22.1.1*  
*AGC: 73d*

Dial-up modem  
 Secured, leased, dedicated telephone line  
 Internet  
 Fax  
 Paper  
 other  
 Not applicable  
 OTHER:

692 G21Q019  
filecount - Add relevant appendices for this group.

*PFMI: n/a*  
*AGC: n/a*

0

### Transparency and disclosure (PFMI Principle 23)

712 G22Q020  
Capital. Are annual financial statements publicly disclosed?

*PFMI: Q.23.5.3*  
*AGC: 13*

Yes [A01]

713 G22Q021  
If yes, the AGC requests a copy of the institution's annual report. Is the annual report available electronically?

*PFMI: Q.23.5.3*  
*AGC: 13a.*

Yes [Y]

714 G22Q022  
filecount - If yes, please upload the document(s) here or insert web link(s) in question 13d:

*PFMI: Q.23.5.3*  
*AGC: 13b.*

0

715 G22Q023

filecount - If more than one document for 13b, please upload the additional document here:

*PFMI: Q.23.5.3*  
*AGC: 13c.*

0

716 G22Q024

Please insert web link(s) for 13b here:

*PFMI: Q.23.5.3*  
*AGC: 13d.*

<http://www.kdpw.pl/en/kdpw/publications/Pages/AnnualReports.aspx>

721 G22Q029

AGC members from time to time receive requests from their direct investor-clients for an informational copy of a CSD's completed questionnaire. Such requests typically lead to interactions between personnel at the CSD in question and member personnel or client personnel, or both. Those interactions take time and impose costs on both members and depositories. Do you approve of AGC members delivering a copy of your completed questionnaire to the member's direct client in response to the client's request?

*PFMI: Q.23.5.4*  
*AGC: 100*

Yes [Y]

722 G22Q030

Are the results of the financial audit publicly available?

*PFMI: Q.23.5.4*  
*AGC: 15f*

Yes [Y]

725 G22Q033

filecount - Add relevant appendices for this group.

*PFMI: n/a*  
*AGC: n/a*

0

### Compliance with SEC Rule 17f-7

726 G23Q001

Rule 17f-7, by reference to Rule 17f-4, requires that, for a CSD to be eligible to hold securities of U.S. registered investment companies (such depositories hereinafter referred to as "Eligible Securities Depositories"), the CSD must be a "system for the central handling of securities where all securities of any particular class or series of any issuer deposited within the system are treated as fungible and may be transferred or pledged by bookkeeping entry without physical delivery of the securities."

Are all securities of a particular class or series of any issuer that are deposited in your institution treated as fungible, and can they be transferred or pledged by bookkeeping entry without physical delivery of the securities?

PFMI: n/a  
AGC: 1

Yes [Y]

728 G23Q003

Rule 17f-7 also requires that an Eligible Securities CSD “acts as or operates a system for the central handling of securities or equivalent book-entries in the country where it is incorporated,” or “acts as or operates a transnational system for the central handling of securities or equivalent book-entries.” Does your institution:

PFMI: n/a  
AGC: 2

- Act as or operate a system for the central handling of securities or equivalent book-entries in the country where it is incorporated?
- Act as or operate a transnational system for the central handling of securities or equivalent book-entries?
- Act in another capacity with respect to the handling of securities or equivalent book-entries?
- Not applicable
- OTHER:

730 G23Q005

Please specify the types of securities for which you act as or operate a system for the central handling of securities or equivalent book-entries:

PFMI: n/a  
AGC: 2b.

equities: domestic and foreign shares, allotment certificates, investment certificates, rights to shares, subscription rights, option warrants, exchange trade funds (ETFs); debt instruments: T-bonds, international financial institution bonds, central bank bonds, municipal bonds, domestic and foreign corporate bonds, convertible bonds, bonds with priorities rights, mortgage bonds, structured certificates, certificates of deposit.

731 G23Q006

Rule 17f-7 requires that an Eligible Securities Depository regulated by a foreign financial regulatory authority as defined under section 2(a)(50) of the Act , with section 2(a)(50) establishing that z 'foreign financial regulatory authority' means any (A) foreign securities authority, (B) other governmental body or foreign equivalent of a self-regulatory organization empowered by a foreign government to administer or enforce its laws relating to the regulation of fiduciaries, trusts, commercial lending, insurance, trading in contracts of sale of a commodity for future delivery, or other instruments traded on or subject to the rules of a contract market, board of trade or foreign equivalent, or other financial activities, or (C) membership organization a function of which is to regulate the participation of its members in activities listed above.” Who regulates the activities of the CSD?

PFMI: n/a  
AGC: 8

- A governmental body or regulatory organization empowered to administer or enforce laws related to securities matters.
- A governmental body or self-regulatory organization empowered to administer or enforce laws related to other financial activities.
- A membership organization which regulates the participation of its members in securities matters

or other financial activities.  
 OTHER:

733 G23Q008

Please provide the name of regulatory authority(ies) identified in question 8:

*PFMI: n/a*  
*AGC: 9*

The Polish Financial Supervision Authority (PFSA) - regulates KDPW as a CSD; European Securities and Markets Authority (ESMA) – regulates KDPW in its Trade Repository function, Regulatory Oversight Committee (ROC) – regulates KDPW\_LEI service.

734 G23Q009

Rule 17f-7 requires that an Eligible Securities Depository is subject to periodic examination by regulatory authorities or independent accountants. Is the CSD subject to periodic examination by:

*PFMI: n/a*  
*AGC: 10*

Regulatory authorities?  
 Independent accountants?  
 OTHER:

736 G23Q011

Name of Authority #1 (please answer 11a):

*PFMI: n/a*  
*AGC: 11*

Polish Financial Supervision Authority (PFSA)

737 G23Q012

What enforcement actions are available to regulatory authority #1 for breach of applicable statute or regulatory requirements?

*PFMI: n/a*  
*AGC: 11a.*

Fines  
 Restrictions on CSD activities.  
 Suspension of CSD activities.  
 Termination of CSD activities.  
 OTHER: see 738

738 G23Q013

Please explain:

*PFMI: n/a*  
*AGC: 11b.*

An authorized representative of PFSA has the right to review KDPW's books, documents and other carriers of information; to participate in the meetings of the Supervisory board and in the general meetings of shareholders of KDPW. Upon a written request of PFSA, the KDPW Management board shall be obliged to convene an extraordinary general meeting of shareholders or to put any matters specified by PFSA on the agenda of the general meetings. In case the Management board refuses the request, PFSA may appeal to a court to convene an extraordinary general meeting. PFSA may order the supervisory board to adopt a resolution concerning a particular matter. PFSA may appeal to a court

against any resolution of the general meeting of shareholders or supervisory board, within 30 days of the date of receiving notice of the resolution, if it violates the provisions of law, the provisions of the Statute of KDPW, the rules or principles of safety of trading, or if the resolution has been adopted contrary to the provisions of law, provisions of the Statute or the Rules of KDPW.

739 G23Q013A  
Name of Authority #2:

European Securities and Markets Authority (ESMA) in the scope of the trade repository service offered by KDPW (KDPW\_TR). TR is supervised by ESMA in order to ensure that it complies on an on-going basis with EMIR requirements, thereby enabling regulators access to data and details of derivative contracts in order for them to fulfil their respective missions. LEI Regulatory Oversight Committee (ROC), the regulatory supervisory body of the global LEI system in the scope of the LEI numbering agency service offered by KDPW (KDPW\_LEI). In 2016 KDPW received the accreditation of the Global Legal Entity Identifier Foundation (GLEIF) and from 10 of January 2017 KDPW began issuing Legal Entity Identifiers (LEI) of counterparties to transactions concluded on the financial markets.

740 G23Q014  
What enforcement actions are available to regulatory authority #2 for breach of applicable statute or regulatory requirements?

*PFMI: n/a*  
*AGC: 11c.*

Fines  
 Restrictions on CSD activities.  
 Suspension of CSD activities.  
 Termination of CSD activities.  
 OTHER: Restriction, suspension or termination of some specific services performed by KDPW (LEI, TR).

741 G23Q015  
Please explain:

*PFMI: n/a*  
*AGC: 11d.*

ESMA has the power to impose supervisory measures like: requiring the trade repository to bring the infringement to an end, issuing public notices, imposing fines or periodic penalty payments upon trade repositories and persons involved in trade repositories and as a last resort, withdrawing the registration of the trade repository. Procedural rules for taking supervisory measures and imposing fines on trade repositories are described in article 64-73 of EMIR (Regulation No 648/2012 of 4 July 2012 on OTC Derivatives, central counterparties and trade repositories). The LEI ROC's specific possible enforcement actions: - Requiring audits of the system (including appointment of external auditors) for financial controls, business practices, data quality standards or other matters necessary to ensure the public interest. - Approval of policies for the recognition and termination of local registration agencies and LOUs.

742 G23Q016  
Has there been any use of such enforcement actions in the last three years?

*PFMI: n/a*  
*AGC: 12*

Yes  
 No  
 OTHER:



744 G23Q018

Has the regulatory body with oversight responsibility for the CSD issued public notice that the CSD is not in current compliance with any capital, solvency, insurance or similar financial strength requirements imposed by such regulatory body?

PFMI: n/a

AGC: 90

No [A02]

749 G23Q023

Rule 17f-7 requires that an Eligible Securities Depository holds assets for the custodian that participates in the system on behalf of the Fund under safekeeping conditions no less favorable than the conditions that apply to other participants. Please confirm that assets of foreign investors held by custodians as participants in the CSD are held under safekeeping conditions no less favorable than the conditions that apply to other participants.

PFMI: n/a

AGC: 21

Yes [A1]

751 G23Q025

Please confirm the basis for the arrangements you have in place to ensure that the assets you hold for custodians receive the same level of safekeeping protection as the assets held for other categories of participants.

PFMI: n/a

AGC: 21b, 21c.

- Relevant Law and Regulation
- Standard participation contract
- Established terms and conditions of participation
- By-laws of the CSD
- Rules of the CSD
- OTHER:

752 G23Q027

For each item in Question 21b that you checked, please briefly supply references or citations to the law(s), regulation(s), or CSD rule(s), participation condition(s), or participant contract provision (s), as applicable.

PFMI: n/a

AGC: 21d

Relevant Law and Regulation: There are equal conditions for holding foreign investor assets by custodians in the depository system. The Act of 29th July 2005 on Trading in Financial Instruments defines the system for registration of dematerialised securities comprising securities accounts, depository accounts and omnibus accounts kept by entities authorised to do so under this Act and maintained by KDPW (article 3, point 21). KDPW is in charge of registering securities on: 1) depository accounts; 2) securities accounts; 3) omnibus accounts. Balances on accounts managed by participants should correspond with the balances on the relevant depository accounts manager by KDPW (article 57). Omnibus accounts are dedicated only for foreign entities (article 8a). However, depository and omnibus accounts work on the same principles, i.e. they are co-mingling securities belonging to clients of KDPW participants. In this way, the assets of foreign investors are not differentiated from those of other types of investors, but treated equally. Established terms and conditions of participation: Participants managing securities accounts and omnibus accounts in their systems are obliged to conform to the rules of managing the securities register (article 20, 24, 33, 33a of the KDPW Rules). The rules are similar for custodians and other participants who hold foreign or domestic investor assets. Rules of the depository: The accounting scheme for recording and transfer of securities is

determined by the KDPW rules (article 34-36 of the KDPW Rules) and there is no discriminatory treatment of foreign investor assets. The registration is carried out as expressions of quantity, according to the following principles: double-entry bookkeeping, separate registration of securities, classification by types of participant status (separation of the clients' assets from participants' securities), simultaneous registration (registration on accounts managed by participant should reflect the balances on accounts managed in KDPW), completeness, integrity and transparency. The best accounting practices are applied and end-to-end audit trails are kept.

753 G23Q028

Rule 17f-7 requires that an Eligible Securities Depository provides periodic reports to its participants with respect to its safekeeping of assets, including notices of transfers to or from any participant's account. Does the CSD make available periodic safekeeping reports to participants, including notices of transfers to or from the participant's account?

*PFMI: n/a*

*AGC: 46*

Yes [A01]

755 G23Q030

If yes, please indicate the scheduled frequency:

*PFMI: n/a*

*AGC: 46b, 46c.*

- Daily
- Weekly
- Monthly
- Quarterly
- Annually
- Upon request
- OTHER:

756 G23Q031

filecount - Add relevant appendices for this group.

*PFMI: n/a*

*AGC: n/a*

0

### Relevant RSSS recommendations

762 G24Q006

filecount - Add relevant appendices for this group.

*PFMI: n/a*

*AGC: n/a*

0

### Appendices

763 G25Q001

filecount - Add relevant appendices

*PFMI: n/a*  
*AGC: n/a*

0

764 G25Q002  
I am submitting up-to-date information in response to:

AGC questions [A1]